

## Message Text

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ACTION EB-07

INFO OCT-01 AF-10 ARA-10 EUR-12 EA-07 ISO-00 COME-00

INT-05 GSA-02 STR-04 TRSE-00 OMB-01 L-03 ITC-01

NEA-10 IO-13 EPG-02 DODE-00 SP-02 XMB-02 CIAE-00

INR-07 NSAE-00 OPIC-03 OIC-02 /104 W

-----100715 081056Z /14

R 080653Z JUL 77

FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 823

INFO AMEMBASSY BANGKOK

AMEMBASSY JAKARTA

AMEMBASSY KINSHASA

AMEMBASSY KUALA LUMPUR

AMEMBASSY LAGOS

AMEMBASSY LA PAZ

AMEMBASSY LONDON

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EO 11652: NA

TAGS: EMIN, ITC, AS

SUBJECT: ITC - REVIEW OF TIN PRICES AT JULY ITC MEETING

REF: STATE 156076

1. AS REQUESTED, EMBOFF INFORMED PETER FIELD, ASSISTANT SECRETARY, COMMODITY POLICY DIVISION, DEPARTMENT OF OVERSEAS TRADE, OF U.S. VIEWS CONTAINED IN PARA 2 A,B,C, D AND E OF REFTEL.

2. FIELD SAID HIS FIRST REACTION TO POINTS MADE WAS ONE OF SHOCK AS IT SEEMED WHEN TAKEN BY ITSELF TO BE A HARDENING OF U.S. LINE TAKEN AT EPRP MEETING WITH ABSOLUTELY NO INDICATION THAT WE WOULD IN ANY WAY SUPPORT INCREASES IN FLOOR AND CEILING PRICES.

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3. WITH REGARD TO PARA 3 OF REFTEL, FIELD SAID THAT GOA COULD SUPPORT COUNCIL RESOLUTIONS ON EXPORT CONTROLS AND TAXES ALONG LINES SUGGESTED IN SUB-PARAGRAPHS (C) AND (D) OF PANEL'S FINDINGS AND CONCLUSIONS, BUT NOT IF U.S. SOUGHT TO INTRODUCE WHAT GOA REGARDS TO BE INFLAMMATORY LANGUAGE CONTAINED IN PARA 2 OF REFTEL WHICH HE BELIEVES WILL BE

HIGHLY RESENTED BY MANY PRODUCERS AS AMOUNTING TO ALMOST INTERFERENCE IN THEIR AFFAIRS. FIELD ALSO SAID THAT HE HOPED U.S. WOULD SUPPORT MOVEMENT ON PARAS (A), (B) AND (E) OF PANEL'S FINDINGS.

4. FIELD PROVIDED EMBOFF WITH EXTRACT OF AN EARLY JUNE BRIEF TO GOA REP (MONTEFIORE) IN LONDON, WITH SOME MATERIAL ADDED SUBSEQUENTLY, WHICH WE QUOTE FOR THE DEPARTMENT'S INFORMATION:

QUOTE WE SHARE OTHER PRODUCER MEMBER'S CONCERN ABOUT ATTITUDE OF CONSUMERS TO TAXATION ETC. HOWEVER, AS WE HAVE STATED PREVIOUSLY, THE TQE AND LEVEL OF TAXATION IS AN INTERNAL MATTER FOR EACH MEMBER COUNTRY (I.E. QUESTION OF NATIONAL SOVEREIGNTY). YOU MAY, AS APPROPRIATE, ASSIST IN THE PREPARATION OF ANY REASONABLE PRODUCER PROPOSAL.

QUOTE THE ATTITUDE OF THE USA (AS ILLUSTRATED IN HEWITT'S REPORT TO THE US TIN INDUSTRY OF 29 APRIL 77) ON THE MATTER IGNORES THE HISTORICAL REALITIES OF THE SITUATION OF MAJOR TIN PRODUCERS. THE DEVELOPMENT OF EXPORT TAXES AS OPPOSED TO COMPANY INCOME TAXES CAN BE ATTRIBUTED IN PART TO THE COMMODITY EXPORT ORIENTATION OF THE ECONOMY OF MAJOR PRODUCERS AND IN PART TO THE INADEQUACY OF COMPANY ACCOUNTING PROCEDURES IN SOME COUNTRIES MAKING THE IMPOSITION OF INCOME TAXES IMPRACTICAL. IN ANY CASE, A SUBSTANTIAL PROPORTION OF ANY LIMITED OFFICIAL USE

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INCREASE IN METAL PRICES OVER TIME CAN BE ATTRIBUTED TO GENERAL INFLATION RATES AS WELL AS TO INCREASE IN REAL COSTS.

QUOTE ALTHOUGH HEWITT'S REPORT (COPY FORWARDED TO YOU) NEEDS TO BE EXAMINED IN THE LIGHT THAT IT WAS INTENDED FOR US DOMESTIC CONSUMPTION, IT IS OF SERIOUS CONCERN TO US THAT NOT ONLY DOES IT SHOW A LACK OF UNDERSTANDING OF THE HISTORICAL REALITIES OF THE TIN MARKET AND THE INTERNATIONAL TIN AGREEMENT, BUT IT MISREPRESENTS (PAGE 13) OUR ATTITUDE ON BUFFER STOCK PRICING (DESPITE AS YOU ARE AWARE, OUR NUMEROUS DETAILED EXPLANATIONS OF OUR MARKETING APPROACH TO PRICING IN THE COUNCIL AND ITS COMMITTEES). AS YOU KNOW, WE AND OUR INDUSTRY CONSIDER THAT THE BUFFER STOCK PRICE RANGE SHOULD BRACKET THE MARKET PRICE TREND. WE ARE SOMEWHAT PUZZLED AS TO HOW LONG THE USA CAN EMPLOY ITS HYPOTHESIS ON THE IMPACT OF EXPORT CONTROLS TO JUSTIFY HAVING IT BOTH WAYS ON THE BRACKETING ISSUE. WE BELIEVE THAT THE MAINTENANCE OF THE MARKET PRICE IN THE VICINITY OF DOLLARS M1450 PER PUCUL REFLECTS THE UNDERLYING SUPPLY-DEMAND RELATIONSHIP AND IN PARTICULAR THE FORECAST SUPPLY DEFICIT OF UP TO 22,700 TONNES FOR 1977 (GENERAL NO. 66). HEWITT'S PAPER HAS ALSO INCORRECTLY LINKED AUSTRALIA'S POSITION (ALSO SEE SECOND PARA PAGE 5) ON

PRICING WITH BOLIVIA.

QUOTE AS AN EXPANSION OF THE ABOVE ON THE ROLE OF EXPORT CONTROLS IN THE TIN MARKET WE BELIEVE THAT THEY SHOULD BE LOOKET AGAINST THE BACKGROUND OF '73-74 COMMODITIES BOOM AND GSA DISPOSALS.

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ACTION EA-09

INFO OCT-01 AF-10 ARA-10 EUR-12 ISO-00 COME-00 INT-05  
GSA-02 STR-04 TRSE-00 OMB-01 L-03 ITC-01 NEA-10  
IO-13 EPG-02 DODE-00 SP-02 XMB-02 CIAE-00 INR-07  
NSAE-00 OIC-02 OPIC-03 /099 W  
-----101148 081056Z /14

R 080653Z JUL 77  
FM AMEMBASSY CANBERRA  
TO SECSTATE WASHDC 824  
INFO AMEMBASSY BANGKOK  
AMEMBASSY JAKARTA  
AMEMBASSY KINSHASA  
AMEMBASSY KUALA LUMPUR  
AMEMBASSY LAGOS  
AMEMBASSY LA PAZ  
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QUOTE IN AUGUST 1973, AFTER GSA HAD RELEASED 6502 TONS OF TIN IN THE PREVIOUS TWO MONTHS, THE ITC SENT A LETTER TO THE US SECRETARY OF STATE EXPRESSING THE DANGERS IT SAW IN LARGE SCALE GSA RELEASES AND FORESHADOWING THE REMEDIAL ACTION THAT IT WOULD NEED TO TAKE. THIS REMEDIAL ACTION IT WAS STATED COULD INVOLVE BUFFER STOCK BUYING OF LARGE QUANTITIES OF TIN AND VERY SEVERE EXPORT RESTRICTIONS UPON PRODUCERS. NOTWITHSTANDING THIS GSA DISPOSED OF 19949 TONS OF TIN IN 1973 AND 23137 TONS IN 1974, THEREBY MAKING THE IMPOSITION OF SEVERE AND LONG TERM EXPORT CONTROLS UNABOIDABLE. END QUOTE

5. FIELD TOLD EMBOFF THAT AUSTRALIAN DEL BEING ASKED PUSH FOR FLOOR/CEILING SPREAD OF DOLLARS M1300-1600 PER PIKUL.

6. FIELD SAID THAT MONTEFIORE ALSO BEING REQUESTED BRING UP

QUESTION OF CONFIDENTIALITY OF EPRP FINDINGS. HE SAID THAT  
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WITH SUCH AS BUENO ATTENDING, THERE WAS NO WAY THAT FINDINGS  
COULD BE KEPT CONFIDENTIAL AND IT MIGHT BE BETTER TO PUBLISH  
THEM FOR ALL TO SEE. HE SAID THAT PROBLEM OF CONFIDENTIALITY  
WAS ONE REASON PANEL DID NOT MAKE RECOMMENDATIONS ON FLOOR  
AND CEILING PRICES. HE THINKS IT MIGHT HAVE EASED  
SPECULATIONS HAD THE PANEL MADE A RECOMMENDATION AND IMMEDIATELY  
PUBLISHED THEM.  
ALSTON

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## Message Attributes

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**Disposition Date:** 22 May 2009  
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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009